Ontario

TEACHERS' SUPERANNUATION COMMISSION

85-0125/

INDEX

	Page
Chairman's Message	1
Items for Consideration	2
Commission Members	3
Director's Message	4
Revenue and Expenditure Charts	5
Pension Register	6
Provincial Auditor's Report	7-15

ACKNOWLEDGEMENTS

The Commission acknowledges the advice and assistance which has been received throughout the year from its advisers:

Ms. Marie Corbett, Solicitor
Eckler Partners Ltd., Actuary
Thorne Riddell, Chartered Accountants
Dr. B.W. Vale, Medical Referee

COMMUNICATIONS

All communications should be addressed to Mr. D.F. McArthur, Director, Teachers' Superannuation Commission, 190 Finch Avenue West, Willowdale, Ontario M2R 1M4. When corresponding with the Commission, please use your Social Insurance Number for Identification.

Telephone: Metropolitan Toronto	226-2700
Ontario (except area code 807)	Toll free 1-800-268-6612
Area Code 807	call collect 416-226-2700

ACTUARIAL VALUATION

Highlights of the Twentieth Report of the Actuary on the Teachers' Superannuation Fund of the Province of Ontario as at 31 December 1981 were presented with the Report to Contributors for the year ended 31 December 1982. The impact on the Report of the Actuary of recent changes in the legislation governing the Fund has not been determined but will be disclosed when available.

This publication is also available in French.

(Issued by the Authority of the Teachers' Superannuation Commission, June 1984.)

CHAIRMAN'S MESSAGE

Mr. Jas. R. Thomson
Chairman

The year 1983 has been an eventful one in the annals of the Teachers' Superannuation Commission. After extensive consultation between representatives of the Ontario Teachers' Federation and the Government, a new and revised Teachers' Superannuation Act was passed by the Legislature in December.

The new Act made a number of important improvements in the benefits available to teachers under the plan, most of which will become effective on 1 September 1984. These include:

(a) replacement of the "best seven" year formula by the "best five" for all teachers who retire after 31 May 1982;
(b) reduction in the penalty for those who take early retirement;
(c) reduction in the "offset" that is required under the integration with the Canada Pension Plan;
(d) "position-sharing" arrangements whereby a teacher who shares a full-time position during the final five years may contribute to the Fund on the unearned portion of the regular salary that would have been earned on a full-time basis;
(e) the pension of a dependant who remarries will no longer be cancelled and all such allowances that have been terminated upon remarriage will be reinstated;
(f) investment of surplus funds in Province of Ontario debentures will be made on a monthly basis bearing interest at the current yield earned on long term Province of Ontario guaranteed securities trading on the secondary market; and
(g) a number of other improvements applicable under varying circumstances that will be spelled out in the Regulation

Every effort will be made to ensure that all those affected by the changes become aware of their improved entitlement under the Act.

The revised benefit package will require a contribution rate of 6.9% as of 1 September 1984.

Mr. James R. Causley, who came to the Commission in 1953 and became Director in 1958 retired on 31 December 1983 after thirty years of dedicated service to the Commission and to the teachers of Ontario. Mr. Causley was honoured by the Commission on the occasion of his retirement and by a number of organizations with whom he had contact during his term of office.

Mr. Causley has been succeeded by Mr. Dan McArthur, B. Comm., M.B.A., who became Director-Designate on 1 October 1983 and Director on 1 January 1984. Mr. McArthur is no stranger to teacher superannuation matters and he and his staff are confident that all adjustments that are to be made as of 1 September 1984 will be implemented on schedule.

Jas. R. Thomson

Jas. R. Thomson,
Chairman

ITEMS FOR CONSIDERATION

1. A person who had teaching service in a designated private school may make a direct payment into the Fund to get credit for that service, provided the teacher had a valid Ontario teaching certificate at the time the teaching took place. The payment for service prior to the date of designation of the school has to be completed within ten years of the date of designation or within ten years from the date of employment under our Act, whichever is the later.

   The ten year limit expires in August, 1984 for teaching service in:

   St. Joseph's College, North Bay
   Marymount College, Sudbury
   St. Mary's College, Sault Ste. Marie
   St. Basil-The-Great College School, Weston
   Thomas More Senior Private School, Ottawa
   Notre Dame Academy, Waterdown

2. The workshops sponsored by the affiliates of the Ontario Teachers' Federation on retirement matters will be held during the school years 1984-1985 and 1985-1986 at the locations listed below. Anyone may submit a request to the local affiliate for a personal interview with a representative of the Teachers' Superannuation Commission at that time.

1984-1985		1985-1986	
Sept. 29	- St. Catharines	Oct. 5	- Hamilton
Oct. 13	- Goderich	Oct. 19	- Cambridge
Nov. 3	- Espanola	Nov. 9	- Bracebridge
Nov. 17	- Mississauga	Nov. 23	- Renfrew
Dec. 1	- Chatham	Dec. 7	- Sudbury
Jan. 26	- Metro-Toronto	Jan. 25	- Metro - North York
Feb. 9	- Ottawa	Feb. 8	- Kingston
Feb. 23	- Belleville	Mar. 1	- St. Thomas
Mar. 30	- London	Mar. 22	- Windsor
Apr. 13	- Kapuskasing	Apr. 12	- Kirkland Lake
May 11	- Thunder Bay	May 10	- Fort Frances

TEACHERS' SUPERANNUATION COMMISSION

As at December 31, 1983

Teacher Representatives

Mr. G. Hurtubise
L'Association des enseignants franco-ontariens

Ms. S. Pengelley
Ontario Secondary School Teachers' Federation

Mr. R.E. Poste
Ontario Public School Teachers' Federation

Mr. R.G. Scott
Ontario English Catholic Teachers' Association

Miss J.F. Stemerowicz
Federation of Women Teachers' Association of Ontario

Appointed by the Minister

Mr. H.A. Blanchard
Member
Teachers' Superannuation Commission

Mr. P.W. Ferren
Director of Education
Welland County R.C.S.S. Board

Mr. P. Hickey
Member
Teachers' Superannuation Commission

Mr. F.J. Kidd
Executive Director
Ministry of Education

Mr. J.F. Kinlin
Member
Teachers' Superannuation Commission

Appointed by the Minister

Mr. J.R. Thomson
Chairman
Teachers' Superannuation Commission

DIRECTOR'S MESSAGE

1953-1983

Mr. J.R. Causley
Director

Thirty years is a long time to spend in one organization. They have been years of change in the pension field and undoubtedly will be followed by still more change in the future.

In 1953 an "A" pension was payable after forty years of teaching or after thirty-five years of service at age sixty-two. The "B" pension was payable with thirty or more years of service or with twenty-five years of service at age sixty-two. There was no pension available with less than twenty-five years of teaching except on the basis of disability. The pension calculation was on the basis of the average of the last fifteen years of contribution. When I left the Commission in December 1983 a new Act had been passed and pensions are now based upon an age plus service factor of ninety years and the requirement for a pension has been reduced to ten years of service. In addition the pensions are now to be based on the average salary for the best five year period. Perhaps the most significant change has been the fact that since 1975 pensions have been automatically adjusted upwards to take into consideration the effect of inflation on the purchasing power of the pension.

In completing my term with the Commission I wish to extend my thanks for the help and advice that I have received from the many members of the Commission with whom it has been my privilege to work. They have all been dedicated and fair-minded with the interest of the teacher as their main concern. May I also at this time thank the members of the staff that have made these years enjoyable and profitable. Again emphasis has been placed on service to the contributors and the staff have been able to fulfill their roles in a manner that has been a source of satisfaction to me.

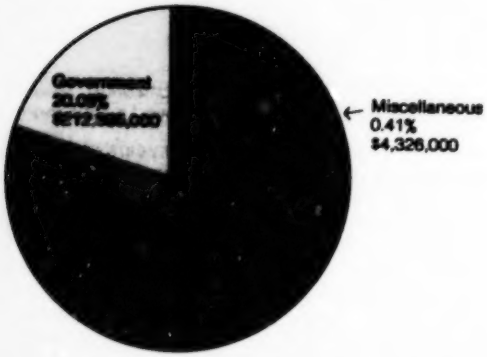
To my successor Dan McArthur, I welcome him to the Commission and hope that his years will bring him the same rewards as have been my lot. I could not have chosen a better person to look after teachers' pensions in what I consider to be a future of continued change. He will continue to advance the pension interests of the contributor.

J.R. Causley
Director

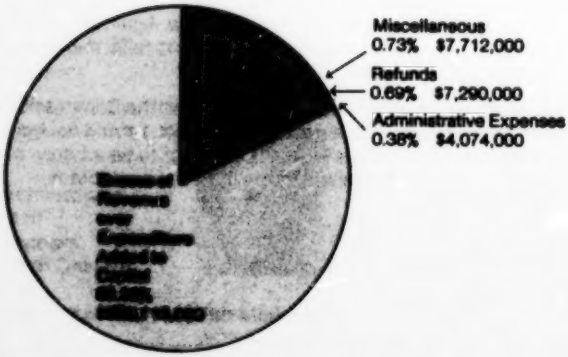
REVENUE AND EXPENDITURE CHARTS

For the Period
1 January, 1983 to 31 December, 1983

Revenue



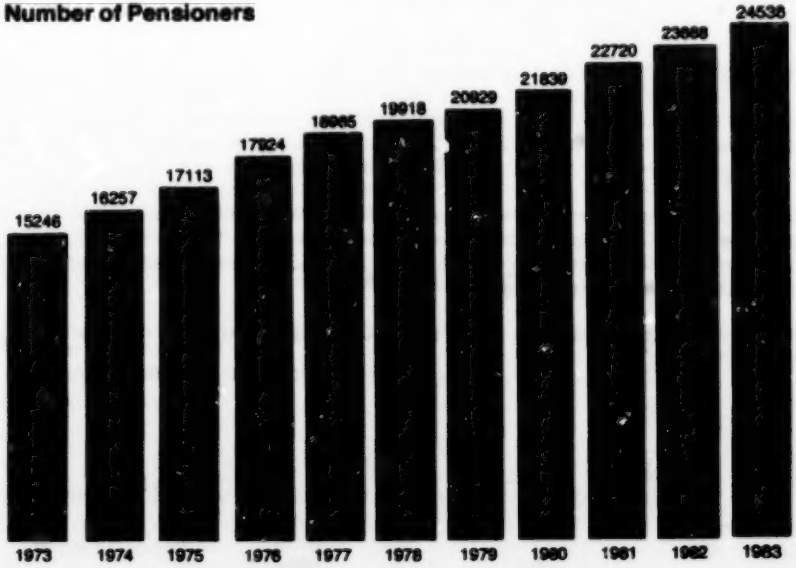
Expenditure



Pension Register for Calendar Years 1983 and 1982

	Number on Pension 31 December 1983	Number on Pension 31 December, 1982
Class "A"	11,210	10,818
Class "B"	1,573	1,638
Class "C"	803	787
Class "CB"	791	772
Class "D"	2,746	2,552
Class "E"	33	36
Class "F"	7,374	7,059
Class "J"	6	6
	24,536	23,668

Number of Pensioners



TEACHERS' SUPERANNUATION FUND

Financial Statements

Year ended December 31, 1983

Auditor's Report
Statement of Assets and Liabilities
Statement of Province of Ontario Debentures
Statement of Revenue and Expenditure
Notes to Financial Statements
Schedule A — Administration Expenses

Auditor's Report

To the Members of the Teachers' Superannuation Commission and
to the Minister of Education and Colleges and Universities
and to the Treasurer of Ontario.

I have examined the statements of assets and liabilities and Province of Ontario debentures of the Teachers' Superannuation Fund as at December 31, 1983 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1983 and the results of its operations for the year then ended in accordance with accounting policies set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission, to the Minister and to the Treasurer of Ontario.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario
January 27, 1984

TEACHERS' SUPERANNUATION FUND
STATEMENT OF ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 1983
(Expressed in Thousands)

ASSETS

	1983	1982
Cash	$ 592	$ 876
Receivable from the Province of Ontario		
Contributions by the Province	173,286	153,017
Interest on contributions	17,015	15,025
Recovery of pension costs		
Minimum pension subsidy	1,203	1,307
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	5,298	4,581
Short term notes, at cost plus accrued interest of $348 ($602 in 1982)	54,747	84,602
Province of Ontario debentures, at cost plus accrued interest of $210,986 ($157,127 in 1982)	6,245,086	5,344,227
Due from Superannuation Adjustment Fund	301	
	$6,497,528	$5,603,635

LIABILITIES

Accounts payable and accrued liabilities	$ 2,683	$ 2,037
Payable to school boards, net	372	314
Payable to Province of Ontario, overpayment of minimum pension subsidy and interest thereon	5,379	
Due to Superannuation Adjustment Fund		903
	8,434	3,254

CAPITAL FUND

Balance at beginning of year	5,600,381	4,776,157
Add excess of revenue over expenditure	888,713	824,224
Balance at end of year	6,489,094	5,600,381
	$6,497,528	$5,603,635

Approved by Chairman Jas. R. Thomson

Director J. R. Cawley

See accompanying notes to financial statements.

TEACHERS' SUPERANNUATION FUND
STATEMENT OF PROVINCE OF ONTARIO DEBENTURES

YEAR ENDED DECEMBER 31, 1983
(Expressed in Thousands)

INVESTMENTS

Investments consist of the following:

	1983	1982
Province of Ontario debentures at cost:		
6% due November 1, 1987	$ 176,000	$ 176,000
6% due November 1, 1992	454,500	454,500
8.57% due May 1, 1996	18,000	18,000
8.57% due November 1, 1996	74,000	74,000
8.57% due January 1, 1997	18,000	18,000
8.57% due March 30, 1997	62,000	62,000
7.86% due May 1, 1997	25,500	25,500
7.86% due November 1, 1997	84,500	84,500
7.86% due January 1, 1998	9,500	9,500
8.06% due April 2, 1993	50,000	50,000
8.06% due May 1, 1993	32,000	32,000
8.06% due October 1, 1993	5,000	5,000
8.06% due November 1, 1993	92,000	92,000
8.06% due January 1, 1994	16,000	16,000
8.39% due April 1, 1999	2,600	2,600
8.39% due May 1, 1999	46,000	46,000
8.39% due September 30, 1999	40,000	40,000
8.39% due November 1, 1999	117,000	117,000
8.39% due January 1, 2000	80,500	80,500
10.04% due May 1, 1995	50,000	50,000
10.04% due November 1, 1995	119,500	119,500
10.04% due January 1, 1996	28,000	28,000
10.11% due May 1, 2001	59,000	59,000
10.11% due November 1, 2001	74,000	74,000
10.11% due January 1, 2002	132,000	132,000
10.11% due February 1, 2002	10,500	10,500
10.11% due March 1, 2002	17,500	17,500
10.11% due March 31, 2002	41,500	41,500
9.82% due May 1, 2002	62,000	62,000
9.82% due November 1, 2002	80,000	80,000
9.82% due January 1, 2003	338,000	338,000
9.82% due March 30, 2003	8,000	8,000
9.51% due May 1, 1998	69,000	69,000
9.51% due November 1, 1998	122,000	122,000
9.51% due January 1, 1999	298,000	298,000
9.83% due May 1, 1999	83,000	83,000
9.83% due November 1, 1999	136,000	136,000
9.83% due January 1, 2000	318,000	318,000
(continued next page)	3,449,100	3,449,100

TEACHERS' SUPERANNUATION FUND
STATEMENT OF PROVINCE OF ONTARIO DEBENTURES

YEAR ENDED DECEMBER 31, 1983
(Expressed in Thousands)

INVESTMENTS (continued)

	1983	1982
Province of Ontario debentures at cost:		
Balance Brought Forward	$3,449,100	$3,449,100
11.05% due May 1, 2000	93,000	93,000
11.05% due November 1, 2000	180,000	180,000
11.05% due January 1, 2001	296,000	296,000
13.34% due May 1, 2003	125,000	125,000
13.34% due November 1, 2003	190,000	190,000
13.34% due January 1, 2004	355,000	355,000
15.38% due May 1, 2007	128,000	
15.38% due November 1, 2007	371,000	
15.38% due January 1, 2008	416,000	
15.38% due March 30, 2008	30,000	
Deposits with the Province of Ontario to be used in purchasing Province of Ontario debentures at 12.88% (1982 - 15.38%)	401,000	499,000
	6,034,100	5,187,100
Accrued Interest	210,986	157,127
	$6,245,086	$5,344,227

TEACHERS' SUPERANNUATION FUND
STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED DECEMBER 31, 1983
(Expressed in Thousands)

REVENUE

	1983	1982
Contributions from participants		
Teaching for Ontario boards	$ 190,088	$172,346
Teaching in designated private schools	3,375	3,108
Outside services	176	162
Miscellaneous	8,063	7,164
	201,702	182,780
Contributions from the Province of Ontario per section 26 of the Teachers' Superannuation Act, including interest of $17,015 ($15,025 in 1982)	190,302	168,042
Special payments from the Province of Ontario		
Interest on 1966 actuarial unfunded liability	22,980	22,980
Additional annual payment in respect of post 1966 actuarial unfunded liability and interest thereon	16,118	96,847
	39,098	119,827
Interest earned		
Province of Ontario debentures	619,696	481,140
Short term notes	4,589	21,852
Repayments of refunds and sundry interest	2,633	1,697
	626,920	504,689
Less interest charges	3,384	
	623,536	504,689
Transfers from other pension funds	3,035	2,375
Repayments of refunds by former participants resuming teaching	1,291	635
	$1,058,964	$978,348

EXPENDITURE

	1983	1982
Pensions paid		
Service	$ 226,140	$200,436
Disability	11,369	10,232
Dependents	15,899	13,666
Joint annuities	77	70
	253,485	224,406
Less:		
Recovery of pension costs from the Province of Ontario		
Minimum pension subsidy	15,158	15,987
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	64,429	55,770
	79,587	71,757
Recovery of pension escalations from Superannuation Adjustment Fund	22,723	15,750
	102,310	87,507
Net pensions paid	151,175	136,899
Refund of overpayment of minimum pension subsidy and interest thereon	5,379	
Refunds of contributions and interest thereon		
To participants who have withdrawn	6,538	9,600
To representatives of deceased participants	752	1,019
	7,290	10,619
Transfers to other pension funds	2,333	2,896
Administration expenses	4,074	3,710
TOTAL EXPENDITURE	170,251	154,124
EXCESS OF REVENUE OVER EXPENDITURE ADDED TO CAPITAL	888,713	824,224
	$1,058,964	$978,348

See accompanying notes to financial statements

TEACHERS' SUPERANNUATION FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983

1. ACCOUNTING POLICIES

(a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

(b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Province of Ontario are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt. Interest earned on short term notes and Province of Ontario debentures is recorded on an accrual basis.

(c) Refunds of contributions and repayments of refunds

The liability of the Fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up. Refunds are recorded as expenditures only when paid since the liability for refunds is considered an actuarial liability similar to that for annuities. In addition, repayments of refunds from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching, are recorded as revenue when received. No asset has been set up for these amounts.

2. REVISIONS TO THE TEACHERS' SUPERANNUATION ACT

During 1983 the Ontario Legislature passed a bill to revise the Teachers' Superannuation Act. The revision provides that, effective September 1, 1984:

i) that pension benefits will be based on the average of teachers' salaries for the highest five years, rather than the highest seven years of employment in education.

ii) that pensions payable on or after September 1, 1984 to persons who ceased to be employed in education on or after May 31, 1982 and before September 1, 1984 shall be computed and paid in amounts equal to the amounts that would have been paid if the revisions to the Act had come into force on May 31, 1982.

3. UNFUNDED LIABILITY

The most recent triennial actuarial review of the Teachers' Superannuation Fund was made as at December 31, 1981. As at that date this review disclosed an unfunded liability of $433,000,000, which varied from the 1978 triennial review due to experience differences and changes in valuation methods and assumptions. Of the $433,000,000, $328,282,000 represents the initial unfunded liability as at December 31, 1966. The balance of $104,718,000 represents the additional unfunded liability which has arisen since December 31, 1966.

The Province of Ontario has been making special annual payments of interest and principal into the fund in accordance with the regulations under the Pension Benefits Act. The special payments are designed to:

—prevent an increase in the initial unfunded liability
—liquidate the additional unfunded liability over a period ending December 31, 1990.

Future special payments will be required annually as follows:
$39,096,000 until December 31, 1990 and
$22,980,000 payable thereafter.

At the direction of the Minister of Education the Teachers' Superannuation Commission, which administers the Fund, has commenced the policy of updating the latest triennial actuarial valuation annually on a limited basis. The annual review at December 31, 1982 is not yet available. However, in accordance with regulations under the Pension Benefits Act, the Province will not adjust its minimum annual payment until the completion of the next triennial valuation as at December 31, 1984.

The revisions to the Teachers' Superannuation Act described in note 2 will increase benefits paid in certain circumstances. The impact of these changes on the unfunded liability is not reflected in this note nor will it be known prior to the completion of an actuarial review.

TEACHERS' SUPERANNUATION FUND
ADMINISTRATION EXPENSES

SCHEDULE A

YEAR ENDED DECEMBER 31, 1983

(Expressed in Thousands)

	1983	1982
Staff salaries	$2,479	$2,275
Staff benefits	397	305
Commissioners' salaries	32	19
Travel expense	60	52
Actuarial services	101	89
Consulting services	14	5
Translation services	11	14
Medical fees	12	14
Audit fees	46	35
Legal fees	16	23
Other professional services		11
Postage	115	85
Printing and stationery	141	136
Other data center services	296	269
Rental of data processing and office equipment	85	66
Office equipment and furniture	43	88
Repairs and maintenance:		
Building	42	50
Office	23	22
Utilities	82	87
Insurance	4	4
Bank charges	36	36
Sundry expenses	39	25
	$4,074	$3,710